

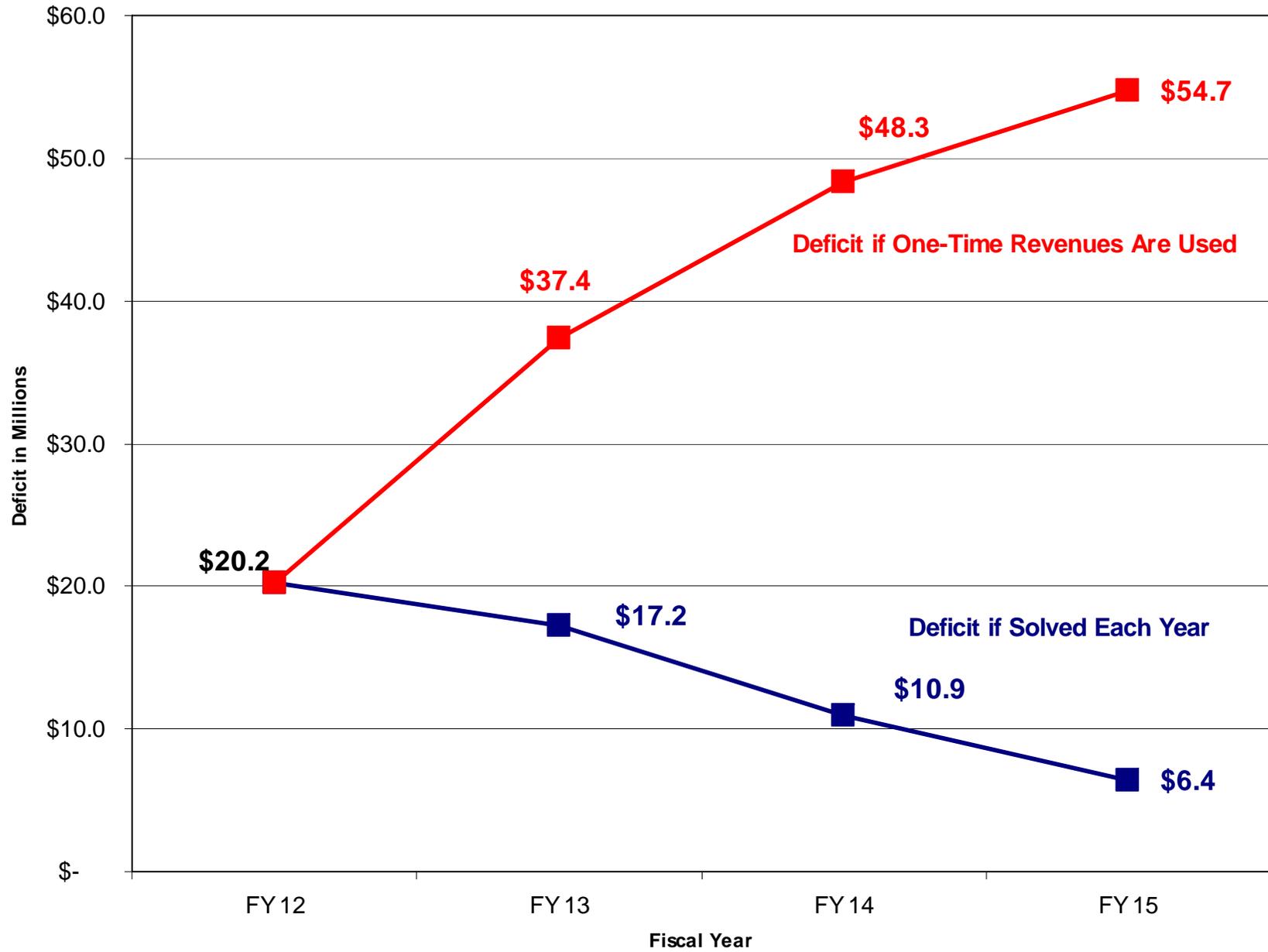


The Hazards of One-Time Revenues

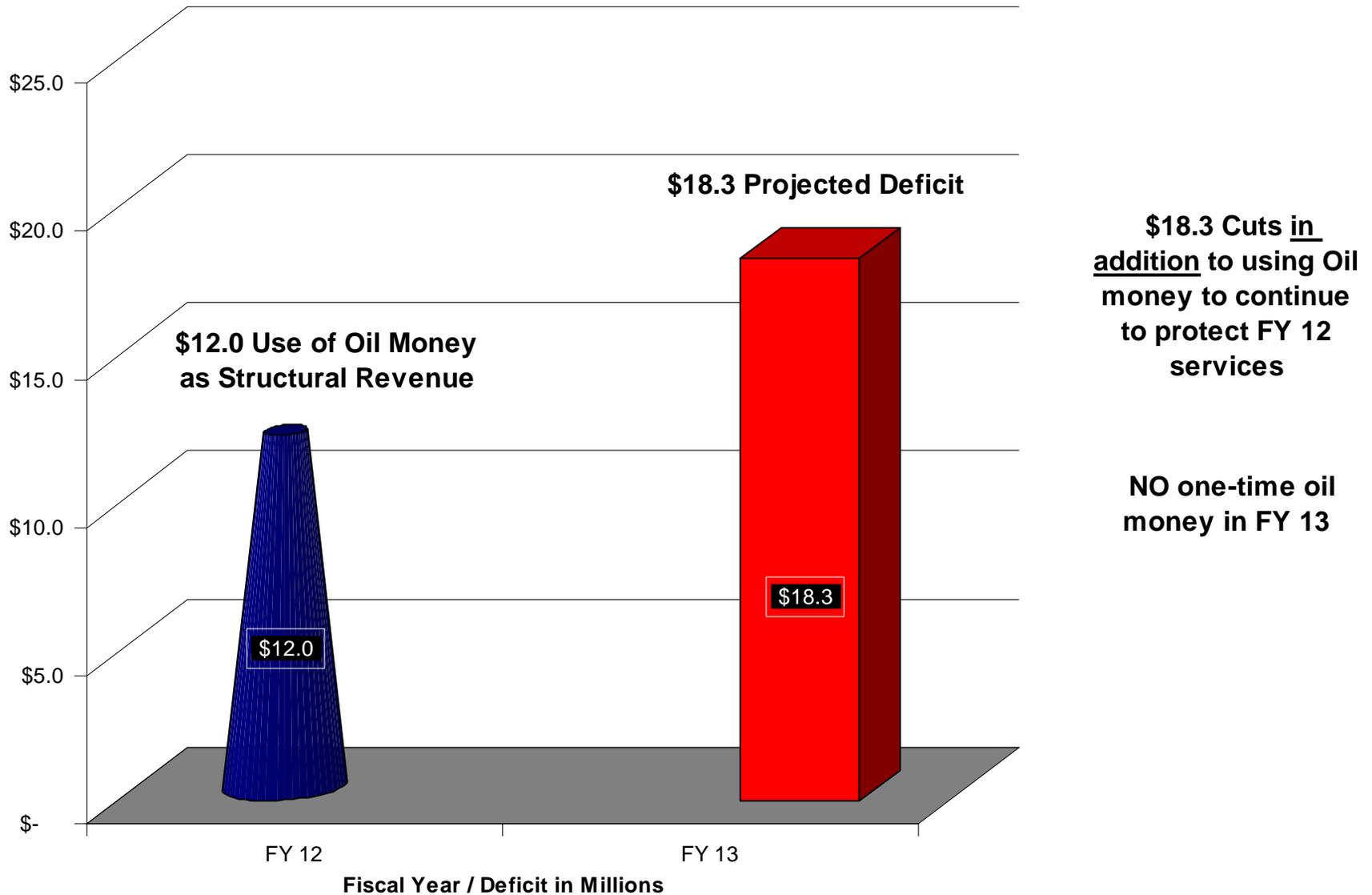
Mayor Bob Foster

August 7, 2012

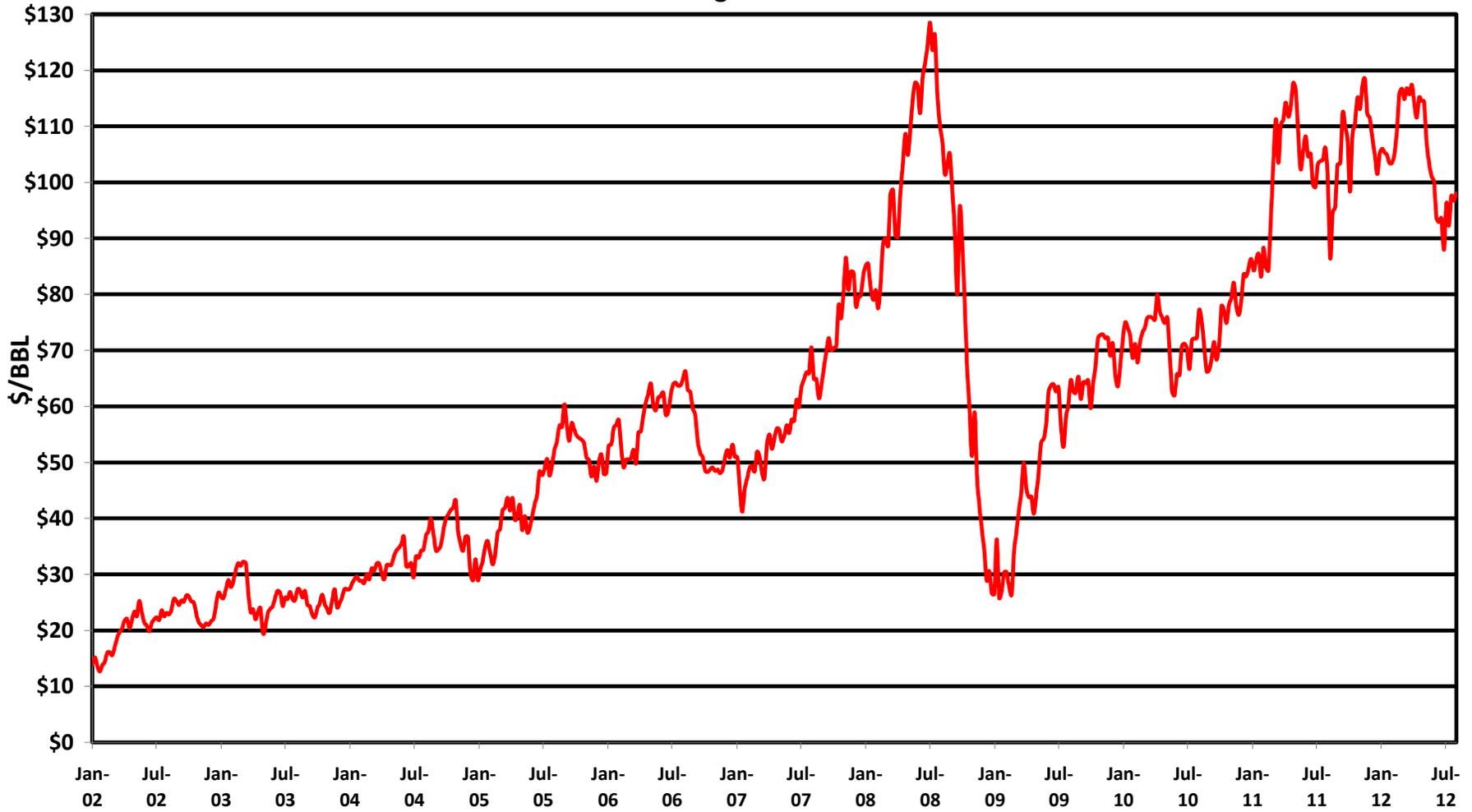
Structural Solutions Verses One-Time Solutions



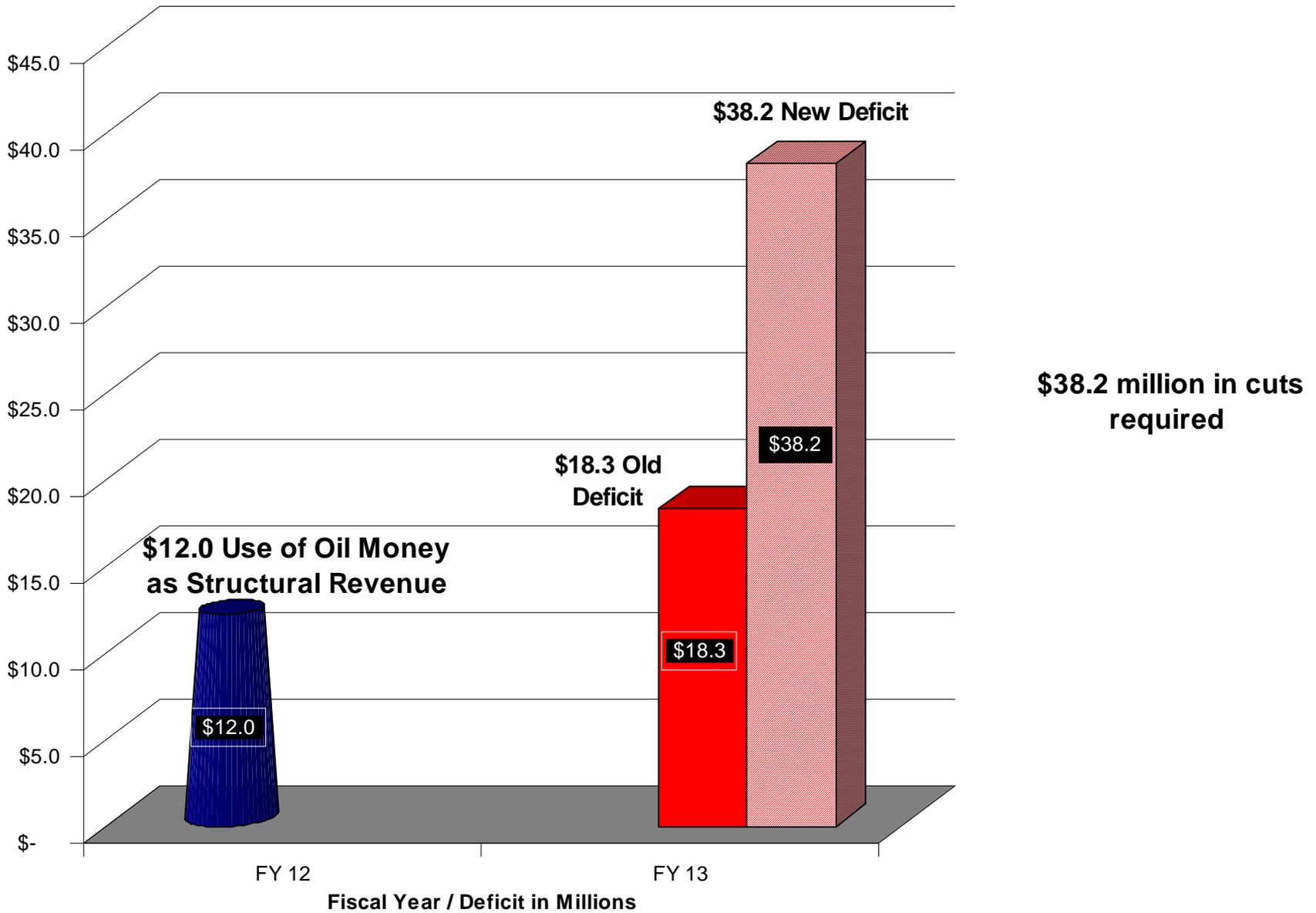
Example of Deficit Had Oil Money Been Used in FY 12 Structurally To Prevent Reductions



Wilmington Oil Price



Example of Deficit Impact Had Oil Money Been Used in FY 12 To Prevent Reductions (Oil Price Drops to \$35 a Barrel)



Family Example

Oil Revenue is 5% of the City budget

- Equates to \$2,500 for a family with \$50,000 annual income

Scenario: Your boss expects to award you a bonus up to \$2,500 per year

- If the company does not perform, it could be significantly less, or even result in a pay cut

Family Example

How would you spend this money?

1. Save it for a rainy day (savings account)
2. Use it to pay one-time expenses (such as car repair, roof repair, unexpected medical procedure)
3. Use it to pay a part of your rent that you currently cannot afford
 - If the bonus doesn't materialize, you will not be able to make your rent
 - While you may receive this bonus every year, it can only support your rent and cannot be used to offset new expenses that may come up in the future.

Family Example: Is Counting on Your Bonus Worth the Risk?

